



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 2154 (1945)

October 10, 1990

SUBJECT: Monitoring Emergency (EM) Loan Processing Activities

TO: State Directors and District Directors

ATTN: Farmer Programs Chiefs

PURPOSE/INTENDED OUTCOME:

This Administrative Notice (AN) is being issued to provide further guidance and place greater emphasis on the monitoring of EM loan processing activities in FmHA County Offices. This AN is the result of an Office of Inspector General (OIG) audit and accentuates the need for monitoring EM loan processing activities carried out by County Office personnel.

COMPARISON WITH PREVIOUS ANs:

No previous ANs have been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES:

FmHA Instruction 1945-A, Section 1945.31, requires State Directors to deploy Emergency Loan Assessment Teams (ELAT) to designated areas to monitor EM loan processing activities. The ELAT team leader will keep the State Director informed of processing problems discovered and corrective action needed. The State Director will keep the affected District and County Offices informed of the most frequently occurring processing problems found by the team and require appropriate corrective action to be taken by the County Office. District Directors will monitor corrective actions during oversight visits to the County Offices, and report completion of required actions to the State Director. State Directors are required to forward a copy of the ELAT team leader's report to the National Office, Attention: Emergency Designation Staff.

EXPIRATION DATE: September 30, 1991

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1945-D



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Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

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The audit was conducted on EM loss loans made in FY 1989, covering 4 States, and noted the following processing deficiencies:

1. Incomplete applications
 - a. a Controlled Substance Certification missing
 - b. incomplete financial data and family histories
2. Incomplete Farm and Home Plans
 - a. lack of a feasible plan
 - b. incorrect unit prices
 - c. understatement of projected expenses
 - d. incomplete plans showing the use of crops
3. Missing or incomplete leases
4. Inadequate arrangements to dispose of nonessential assets
 - a. insufficient documentation on essential/nonessential assets
 - b. no requirements for arranging the sale of nonessential assets
5. Inadequate reverification of ASCS and FCIC benefits
 - a. no verification of ASCS information prior to loan closing
 - b. no verification of FCIC information prior to loan closing
 - c. no check of calculations on Form FmHA 1945-22 and/or Form FmHA 1945-26, using a calculator with a paper tape
6. Missing or improper completion of Form FmHA 1962-1, "Agreement for the Use of Proceeds/Release of Chattel Security"
 - a. record of actual security property sales and use of proceeds missing
 - b. omission of anticipated sales dates and potential purchasers
7. Inadequate verification of nonfarm income

A timely deployment of ELATs to determine loan processing problems in those Districts with a substantial number of EM applications and a timely follow-up by the District Director to assure appropriate corrective action is being taken will eliminate or reduce the noted EM loan processing deficiencies.



LA VERNE AUSMAN
Administrator

Sent by Time Delay Option to States at 9:00am on 10/12/90 and
to Districts at 11:00am on 10/12/90 by ASD.